

## Message Text

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ACTION EUR-12

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PASS AGRICULTURE

E.O. 11652: N/A

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SUBJECT: EC COUNCIL OF AGRICULTURAL MINISTERS' MEETING, MAY  
26-27, 1975

REF: EC BRUSSELS 03296

1. BEGIN SUMMARY: THE EC COUNCIL OF AGRICULTURAL MINISTERS DID NOT  
TAKE ANY DECISION ON THE ISSUE OF MEDITERRANEAN AGRICULTURAL PREFE-  
RENCES BUT INTEND TO DO SO AT THEIR NEXT MEETING JUNE 23-24. THE  
MINISTERS DISCUSSED THE EC MARKET SITUATION FOR BEEF. END SUMMARY.

2. EC AGRICULTURAL MINI TERS ENDED THEIR TWO DAY MEETING IN  
LUXENBOURG WITH NO AGREEMENT ON THE MEDITERRANEAN AGRICULTURAL  
DOSSIER BUT WITH SOME HOPE THAT THY AR MOVING TOWARD A  
COMPROMISE WHICH CAN BE FINALIZED AT THEIR NEXT COUNCIL  
MEETING OF JUNE 23-24. ITALIN MINISTER MARCORA CLAIMED  
THAT HIS GOVERNMENT'S POSITION ON MEDITERRANEAN AGRICULTURAL  
PREFERNCES WAS DIVORCED FROM CONSIDERATION ABOUT THE ITALIAN REGIONAL  
LCTIONS OF JUNE 15. THE POSITION WAS BASED, HE SAID, ON SUB-  
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STANTIVE POLITICAL OBJECTIONS, NAMELY, THAT THE CAP SHOULD NOT ONLY

PROVIDE SUPPORT FOR NORTHERN EUROPEAN AGRICULTURAL COMMODITIES BUT ALSO BENEFIT SOUTHERN EUROPEAN (ITALIAN) AGRICULTURE EQUALLY AND THAT THE PRINCIPLE OF COMMUNITY PREFERENCE NOT BE ERODED. IN THE OPINION OF ONE U.K. PERMREP OBSERVER, "IF THE ITALIANS ARE SERIOUS ABOUT THESE OBJECTIONS

, THEY WOULD INVOLVE FAR MORE FUNDAMENTAL CHANGES IN THE CAP THAN ANYTHING THE UK EVER TRIED TO DO IN ITS RENEGOTIATION EFFORT."

3. NOTWITHSTANDING MARCORA'S UNWILLINGNESS TO GET "BOGGED DOWN" IN SPECIFIC DEMANDS, HE DID MAKE CERTAIN PROPOSALS AROUND WHICH, MANY BELIEVE, A COMPROMISE PACKAGE CAN BE WORKED OUT. THE ITALIANS ASKED THAT THE REFERENCE PRICES FOR IMPORTED WINE AND FRUITS AND VEGETABLES BE RESPECTED. THE COMMISSION WILL STUDY WAYS TO TIGHTEN CONTROL OF THE SYSTEM TO ASSURE THAT NO IMPORTS ENTER BELOW THE REFERENCE PRICE LEVEL. ON PROCESSED FRUITS AND VEGETABLES, THE ITALIANS UNDERSCORED THE DIFFICULTIES THEIR INDUSTRY WOULD BE EXPOSED TO FROM MEDITERRANEAN EXPORTERS BENEFITTING FROM TARIFF CONCESSIONS AND THE CONSEQUENT NEED FOR SPECIAL PROTECTION. THIS PROTECTION, ACCORDING TO MARCORA, COULD TAKE THE FORM OF A DIRECT SUBSIDY. THE GERMAN DELEGATION'S RESPONSE TO THIS WAS THAT GERMANY WOULD NOT SIGN A BLANK CHECK AND THE MATTER NEEDED MORE THOROUGH STUDY.

4. A DUTCH MINISTRY SOURCE TOLD A MISSION OFFICER THAT A MINIMUM IMPORT PRICE SYSTEM AS PROPOSED IN 1973 FOR PROCESSED FRUITS AND VEGETABLES HAS BEEN VIRTUALLY ABANDONED IN FAVOR OF AN IMPORT LICENSING SYSTEM ALONG LINES PREVIOUSLY REPORTED (REFTEL PARA 2).

5. THE MINISTERS ALSO DISCUSSED THE MARKET SITUATION FOR BEEF. COMMISSIONER LARDINOIS REPORTED THAT, EXCEPT FOR IRELAND, MARKET PRICES IN THE EC ARE CURRENTLY ABOVE INTERVENTION PRICE LEVELS AND ARE 11 PERCENT ABOVE LAST YEAR'S MARKET PRICES. INTERVENTION STOCKS IN THE COMMUNITY NOW STAND AT 275,000 M.T. OF WHICH 200,000 IS FROZEN BEEF AND 75,000 CANNED. LARDINOIS STATED THAT IF THE FUTURE FORECAST FOR THE EC BEEF MARKET WAS REASONABLY OPTIMISTIC, IT WAS NOT AT ANY SMALL COST IN TERMS OF RELATIONS WITH THIRD COUNTRIES AFFECTED BY THE EC IMPORT BAN AND FEOGA BEEF SUPPORT EXPENDITURES. IT IS BELIEVED THAT THE LATTER WILL AMOUNT TO 700 MILLION U.S. IN 1975.

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6. THERE WAS CONCERN ABOUT CONTINUED LOW MARKET PRICES AND MOUNTING SURPLUSES IN IRELAND. THE U.K. DELEGATION EXPRESSED FEAR THAT THE IRISH WOULD "LET BEEF PILE UP AND DISPOSE OF IT ON THE UK MARKET IN THE AUTUMN." THE ITALIAN AND GERMAN DELEGATIONS POINTED OUT THAT IRISH EXPORTS TO THEIR COUNTRIES HAD INCREASED SUBSTANTIALLY. GERMANY, FOR EXAMPLE, HAS IMPORTED 29,000 HEAD OF LIVE CATTLE FROM IRELAND DURING THE FIRST FIVE MONTHS OF 1975 AS COMPARED TO 2,000

HEAD FOR THE SAME PERIOD LAST YEAR.

7. THE IRISH FOR THEIR PART COMPLAINED THAT THE MONETARY AND  
ACCESSION COMPENSATORY AMOUNT SYSTEM RESULT IN A POUND 106/M.T.  
HANDICAP FOR IRISH EXPORTS TO THE GERMAN MARKET.

8. U.K. MINISTER PEART STATED THAT THE ATTRACTIVENESS OF RESORTING  
TO INTERVENTION HAD TO BE REDUCED. H PRAISED THE UK VARIABLE  
PREMIUM SYSTEM AS HAVING RESTORED CONFIDENCE TO PRODUCERS, MAKING  
THEM MARKET THEIR CATTLE IN A REASONABLE MANNER. THE UK HAD NOT  
RESORTED VERY OFTEN TO AUTHORIZING A NATIONAL VARIABLE PREMIUM  
HE SAID, AND THE PROGRAM HAS COST (POUNDS) 40,000 ACCORDING TO ONE  
DELEGATION MEMBER'S HURRIED CALCULATIONS. THUS, PEART DECLARED THAT  
THE UK VARIABLE PREMIUM SYSTEM IS "WORKING WELL" AND SHOWS THAT  
SUCH A SYSTEM "NEED NOT BE COSTLY NOR DISTURB INTRA-EC TRADE."

9. THE COUNCIL DISCUSSED THE FRENCH REQUEST FOR AN EXTENSION OF  
THE EC BAN ON TUNA IMPORTS UNTIL AUGUST 1, 1975. THE COMMISSION,  
ON ITS OWN COMPETENCE, WILL CONSIDER 1) ALLOWING FRANCE ALONE TO  
PROLONG THE BAN ONE MONTH PAST ITS JULY 1 DEADLINE; 2) INCREASING  
EC SUBSIDIZATION FOR THE PRIVATE STORAGE OF CERTAIN FISH FROM  
3 MILLION TO 4 MILLION U.S. ; 3) CONSULTING WITH PRINCIPAL EXPORTING  
COUNTRIES ON RAISING THE EC REFERENCE PRICE FOR TUNA.

10. THE COUNCIL ALSO DISCUSSED BUT TOOK NO DECISION ON HAVING A  
LOWER SUPPORT PRICE FOR WHEAT VARIETIES WHICH ARE HIGH YIELDING  
BUT HAVE POOR MILLING QUALITY. GREENWALD.

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